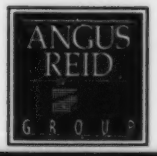

Canadian Grain Commission | Commission canadienne des grains

Angus Reid Group Inc., AgriFood

SPECIAL CROPS INSURANCE PLAN: PRODUCER OPINION SURVEY

Prepared for: Canadian Grain Commission

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Executive Summary

In December of 1999, the Angus Reid Group conducted a producer opinion survey for the Canadian Grain Commission regarding the proposed special crops insurance plan. The main objective of this research was to provide the CGC with an assessment of how supportive producers would be of the proposed special crops insurance plan.

Highlights of Findings

Security for crops in general

- The special crops growers interviewed in this study are slightly more likely to feel that they don't need protection for all types of crops, because they deal with well established companies (53% vs. 45% that say they do need protection).

Producer support for insurance for special crops, in general

- Growers are supportive of an insurance program for special crops in general (70%), including one-quarter of growers saying they are very supportive of a program.

- Overall, just over one-quarter of growers say guaranteed payment (26%) and the cost of an insurance plan (25%) are the most important features of an insurance plan for special crops.

- It was difficult for growers to say what features are least important in an insurance program for special crops - over half say they are unsure (52%). Growers mentioned cost (6%) and the administrator of the program (6%) are least important to them.

- As would be expected, growers associate the least amount of risk with large, well-established grain companies.

- Almost half of sales of special crops in 1999 went to large grain companies in Western Canada (47%), with another 42% of sales going to small, licensed dealers.

    - Growers in Manitoba were most likely to sell grain to small, licensed local dealers (65%), whereas those in Saskatchewan and Alberta were more likely to sell grain to large grain companies in 1999 (46% and 86%).

Attitudes toward the proposed special crops insurance plan

- Growers prefer dealing with licensed dealers and see the value of licensed dealers, in terms of the importance of delivery options, and actually feel that the proposed program will expand delivery options and to a smaller extent competition. However, 6 in 10 growers agree that their participation will depend on the maximum level of coverage offered and another 3 in 10 say that they would opt out if their special crops dealer told them there was no risk (31%).

- Cost is also an important issue that affects growers' attitudes towards the program – with 4 in 10 growers disagreeing that the benefits are worth the increased costs of the program.

- Cost is again a concern when growers examine features of the program and their effect on whether they will participate in the proposed plan. Growers say they would be less likely to participate in the program due to features such as the increased cost to producers, coverage limitations and to a lesser extent the levy deduction.

- The feature of the program that has the most negative impact on potential participation is the automatic check-off, even if you opt out.

- However, growers say they would be more likely to participate in the proposed plan because they are insured in case of dealer bankruptcy or default of payment, the program is voluntary, there is an opportunity to opt back in and costs are transparent.

Likelihood of participation

- Although just over half (54%) of growers indicate they are likely to participate in the plan, intentions are not strong. Only 13% indicate they are very likely to participate, while 41% are somewhat likely to participate. Intentions to opt are not strong either – only 14% indicate they are not at all likely to participate, while 32% are not very likely to participate. On the whole, producers' intentions towards the program can best be described as lukewarm.

- Program participation rates/opt out rates were also explored by applying an Expected Use Model. Results of this analysis suggest that with an automatic enrollment feature, many growers not intending to participate in the program will likely end up in the program simply because they won't take the actions necessary to opt out (the Expected Use Model estimates that 21% of producers could opt out). As such, year one of the program could see participation rates in excess of the required hurdle of 65%. However, these participation rates would not reflect growers' true intentions, nor would they likely be sustainable over time.

- Growers that say they will not participate in the proposed special crops insurance sell more special crops to large grain companies (52%) than those that are likely to participate (42%). Participants, on the other hand, are more apt to sell to small licensed companies than non-participants (51% of participants deal mostly with small licensed companies, versus 29% of non-participants).

- Almost one-quarter of growers that stated they would participate say that safety is the main reason, followed by another 16% saying the *guarantee* is the reason.

- Growers that stated they would not likely participate say expense is the main reason, (16%), with another 12% saying producers shouldn't have to pay. In addition, 14% of growers say that they already deal with secure companies.

- Over half of growers support staying with the current system if there is insufficient interest in the proposed insurance plan. In addition, almost 3 in 10 growers would tend to support dealer paid insurance for special crops.

Profile of participants vs. non-participants

- Growers that state they will participate in the proposed special crops insurance plan have similar acres of special crops as those that are not likely to participate, but slightly more sales from special crops in 1999 than those that say they will not participate (28% vs. 21% over $100,000 sales).

- Growers that are not likely to participate in the proposed plan deal more with large, established grain companies (52% of sales) than those not likely to participate (42% of sales).

- All growers, whether they say are likely or not likely to participate in the proposed plan, associate similar levels of risk with different types of dealers, with one exception - slightly more growers that will not participate in the plan associate no risk with small, unlicensed local dealers (14% vs. 5%).

Implications and Recommendations

Growers are largely supportive of an insurance plan for special crops; however, the perceived risk may not be large enough for growers to say they need a *new* program. Growers that say they likely will not participate in the program deal mainly with large grain companies, indicating that they probably don't view their dealings as high risk and therefore don't see the need for protection.

Cost also plays a role in the level of acceptance of the proposed plan. Although growers want the security of an insurance plan, many do not see the benefits associated with the proposed plan being worth the additional cost.

Study findings indicate that growers' attitudes are roughly split towards participation in the program (54% likely to participate, 46% unlikely). Furthermore, the research shows that producers do not have strong feelings towards participation or towards opting out (witnessed by the relatively low proportion who are very likely or not at all likely to participate). Although the automatic enrollment feature (and requirement to opt out) may result in sufficient numbers of participants in the first year, these participation levels would not be reflective of producers' true intentions. As such, we do not recommend launching a program that will not be sustainable.

Looking at alternatives, a plan with lower costs would likely be more desirable. One method of bringing down costs for growers could involve supplementing the insurance plan with dealer funds. Almost 3 in 10 growers indicate that they would support dealer paid insurance as an alternative to the proposed plan.

In summary, this study shows that there are insufficient intentions to make this program a long-term success, and that growers largely support staying with the current security system if the proposed special crops insurance plan is not offered in 2000.

Introduction and Objectives

In December of 1999, the Angus Reid Group was commissioned by the Canadian Grain Commission (CGC) to conduct a producer opinion survey regarding the proposed Special Crops Insurance Plan. The main objective of this research was to provide the CGC with an assessment of how supportive producers will be of the special crops insurance plan.

More specifically, the purpose of the research was to gather information concerning producers' perceptions of the special crops insurance plan. This information was used to:

- assess the level of producer support for security in general,
- assess the level of acceptance and participation that the CGC can anticipate for the special crops insurance plan,
- profile producers that will participate in the program (farm size (cropland acres, special crops acres), farm sales, delivery patterns, etc.) and
- identify recommendations for the future of the special crops insurance plan which will be used to assist the CGC in its implementation.

Research Approach

To ensure producers would have comprehensive information on the proposed plan and to ensure they would have time to review that information, the research involved a recruit – mailout – callback strategy. Telephone interviews (5 to 7 minutes) were conducted to recruit 446 special crops growers. These growers were mailed a survey along with a detailed description of the Special Crops Insurance Plan and were asked to complete the questionnaire. Telephone interviews were then conducted with 301 of these growers to capture responses to the survey (10 to 12 minutes).

With a sample size of 301, the study's findings can be interpreted with an accuracy level of ± 5.7%, at the 95% confidence interval. This means that if 50% of respondents answer "yes" to a given question, there is a 95% certainty that the correct value for the farm population is between 44.3% and 55.7%.

To participate in this study, growers were required to meet the following criteria:

- the main decision maker concerning their farming operation
- have grown special crops in the past 2 years
- not on the board of a producer organization or a crop dealer

To ensure appropriate representation from all parts of Western Canada, sampling quotas were established proportionate to census division, based on the most recent Census (1996).

The data was weighted according to the special crops acre estimates in November 1999 (Statistics Canada), so that the sample obtained is proportionate to special crop acres in Western Canada.

The following table shows the special crops acres across Western Canada and the number of interviews that were conducted.

	Special crops acres*	**Number of interviews**	**% of special crops acres**
Manitoba	499,000	34	11%
Saskatchewan	4,285,000	232	77%
Alberta & BC Peace River Region	756,000	35	12%
Western Canada	***5,540,000***	***301***	***100%***

*From Statistics Canada's June Estimate of 1999 seeded acres.

Profile of Producers

The following tables lay out the key characteristics of growers that participated in the study.

Over one-quarter of special crops growers in Western Canada had total farm sales over $250,000 in 1999. Nearly one-quarter of growers had special crop sales over $100,000 in 1999 and 17% had over $100,000 in 1998.

	Farm Sales			
% of growers	Western Canada	Alberta	Sask.	Manitoba
Total farm sales 1999				
Less than $50,000	7	5	8	4
$50,000 to $99,999	18	9	21	9
$100,000 to $249,999	40	39	39	51
$250,000 and over	28	40	25	31
Sales of grains, oilseeds and special crops, 1999				
Less than $50,000	15	13	16	15
$50,000 to $99,999	21	19	24	9
$100,000 to $249,999	38	39	37	45
$250,000 and over	24	29	22	31
Sales of special crops, 1999				
Less than $50,000	37	39	36	41
$50,000 to $99,999	18	17	19	13
$100,000 to $249,999	18	19	19	15
$250,000 and over	4	5	6	4
None	11	14	10	13
Sales of special crops, 1998				
Less than $50,000	43	40	43	51
$50,000 to $99,999	20	16	20	19
$100,000 to $249,999	13	16	12	15
$250,000 and over	4	5	4	8
None	10	16	10	-

On average, growers had 1,908 acres of seeded cropland. The average acres were largest in Saskatchewan at 1,971 acres, followed by Manitoba at 1,924 acres and Alberta at 1,851 acres.

In the past two years (1998 and 1999), the average acres seeded to special crops in Western Canada was 404 acres. On average, Saskatchewan growers seeded more acres with 456 acres compared to growers in Manitoba with 292 acres and Alberta with 218 acres.

Farm Size				
% of growers	Western Canada	Alberta	Sask.	Manitoba
Acres under crop, 1999				
Less than 320 acres	5	6	5	9
320 to 639	9	20	7	3
640 to 1279	32	31	30	41
1280 or more	54	40	57	47
Acres of grains, oilseeds and special crops, 1999				
Less than 320 acres	7	10	6	12
320 to 639	10	17	9	6
640 to 1279	31	26	31	38
1280 or more	51	45	53	44
Acres of special crops, 1999				
Less than 320 acres	48	57	45	56
320 to 639	19	11	20	21
640 to 1279	12	2	14	15
1280 or more	6	0	8	0
None	14	29	12	9
Acres of special crops, 1998				
Less than 320 acres	56	64	53	62
320 to 639	17	11	18	18
640 to 1279	11	5	12	9
1280 or more	5	0	5	6
None	11	17	10	6

The average age of growers surveyed in Western Canada was 49 years of age.

Age				
% of growers	Western Canada	Alberta	Sask.	Manitoba
Less than 35	5	5	6	4
35 to 44	29	25	29	32
45 to 54	34	47	32	34
55 to 64	21	20	22	17
65 and older	8	3	9	8

The majority of special crops grown in Western Canada in the past two years consisted of peas. However, the profile of special crops grown differs among provinces, with sunflowers being the major special crop grown in Manitoba in 1999.

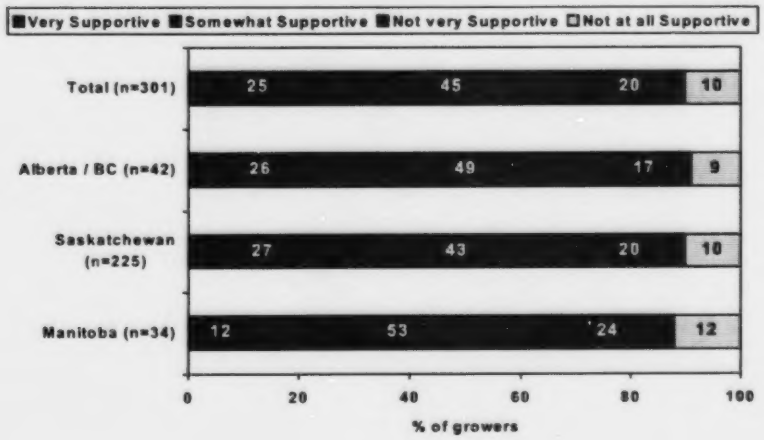
Type of Special Crops								
% of growers	Western Canada		Alberta		Sask.		Manitoba	
	'99	'98	'99	'98	'99	'98	'99	'98
Peas (including chickpeas)	68	69	64	62	76	75	19	38
Lentils	29	22	4	3	36	27	6	6
Mustard	20	15	20	14	22	17	3	3
Sunflowers	8	6	0	0	3	2	42	34
Triticale	5	4	8	10	5	3	0	3
Beans	6	4	16	14	2	0	26	16
Canary seed	2	4	0	0	2	3	0	9
Buckwheat	3	2	0	0	0	1	23	13
Corn	4	2	4	0	1	0	19	13
Other	11	10	4	6	8	9	16	12

Findings

Importance of Insurance for Special Crops, in General

Seven in ten growers are supportive of an insurance program for special crops in general, that would compensate them if their special crops dealer or elevator operator was not able to pay them.

Support for Insurance for Special Crops, in General



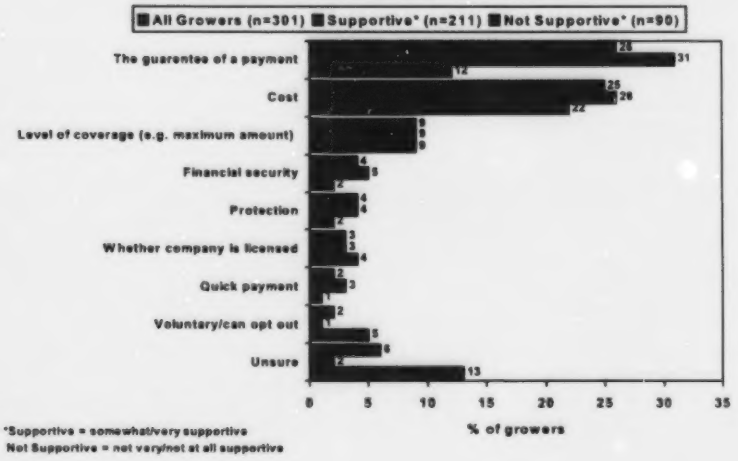
- Growers in Alberta are more likely to support an insurance program for special crops in general (74% somewhat or very likely to support) than those in Saskatchewan (70%) and Manitoba (65%).

- Younger growers are more supportive of insurance in general for special crops – with over three-quarters of those under 44 years of age saying they are somewhat or very supportive (78% vs. 70% of those 45 to 54 years and 64% of those over 55 years).

Overall, just over one-quarter of growers say guaranteed payment (26%) and the cost of an insurance plan (25%) are the most important features to them.

However, there is a difference in important feature between growers that are and are not supportive of a program. Growers that are not supportive of an insurance program are most concerned with cost (22%), followed distantly by guaranteed payment (12%). Not surprisingly, a voluntary program is also more appealing to these growers than to those that are supportive of a program (5% versus 1%).

Insurance Program, in General
- Most Important Features -
(Top-of-mind, unaided grower responses)

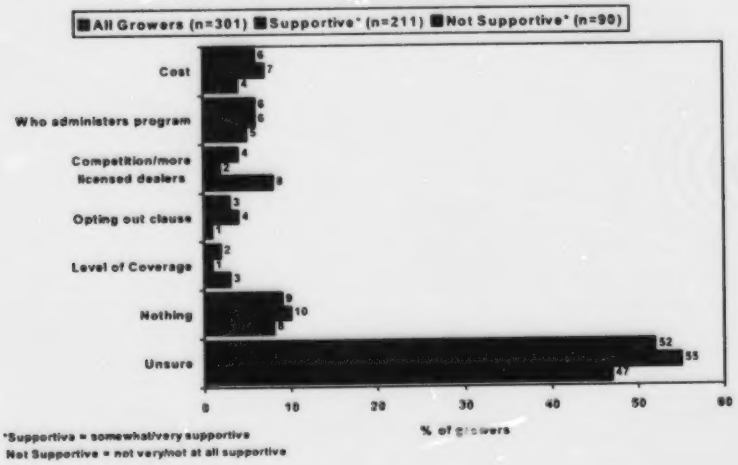


*Supportive = somewhat/very supportive
Not Supportive = not very/not at all supportive

It was difficult for growers to say what features are least important in an insurance program for special crops, with over half saying they were unsure (52%).

Growers mentioned cost (6%), who administers or underwrites the program (6%) and increased competition (4%).

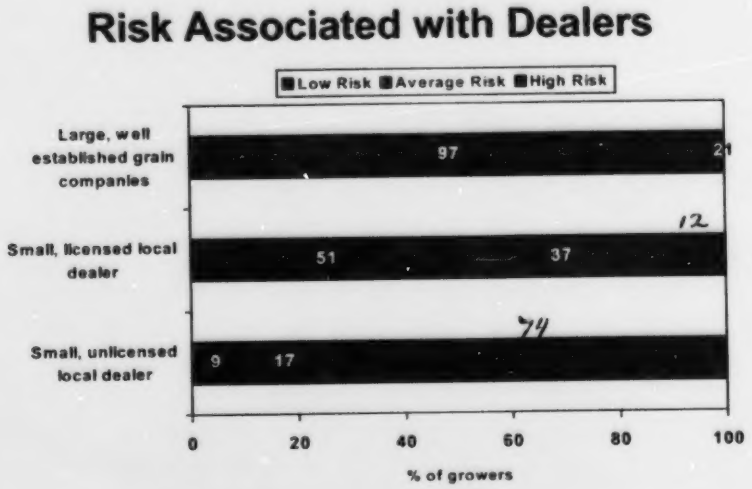
Insurance Program, in General
- Least Important Features-
(Top-of-mind, unaided grower responses)



*Supportive = somewhat/very supportive
Not Supportive = not very/not at all supportive

Risk Associated with Type of Dealer

Growers associate large, well established grain companies with the least risk. Also of interest, almost half of growers associate small, local dealers – although licensed – with some level of risk.



In 1999, just under half of special crops sales went to large, well established grain companies (47%), with another 4 in 10 of sales to small, licensed local dealers (42%).

- Producers in Alberta were more likely to sell their special crops to large, well established companies (86%) than those in Saskatchewan (46%) or Manitoba (13%).

	Western Canada		Alberta		Sask.		Manitoba	
% of sales	'99	'98	'99	'98	'99	'98	'99	'98
Large, well established grain companies	47	43	86	78	46	42	13	24
Small, licensed local dealers	42	45	7	14	43	47	65	58
Small, unlicensed local dealers	9	9	1	0	10	10	12	9

- Growers with more acres dedicated to special crops in 1999 were less likely to sell grain to large companies (over 640 acres at 38% sales versus 160 to 640 acres at 47% and less than 160 acres at 68%).

Special Crops Insurance Plan

Attitudes Toward the Proposed Plan

Growers were asked whether they agreed or disagreed with several attitudinal statements regarding the proposed Special Crops Insurance Plan (based on a scale of 1 to 5, reported as "Disagree" = 1,2, "Moderate" = 3, "Agree" = 4,5).

Growers feel strongly that special crops dealers should be licensed (79%) – and 7 in 10 also say that they only deal with licensed dealers. However, reactions are split on whether unlicensed dealers should be prosecuted even if it means fewer delivery options (39% - agree; 27% - moderate, 34% - disagree).

The number of delivery options is important to growers (as 64% agree with this statement). Six in ten growers feel that through the proposed Special Crops Insurance Plan more special crops dealers will become licensed. Another 4 in 10 agree that the proposed plan will expand delivery opportunities and 34 percent say it will promote competition.

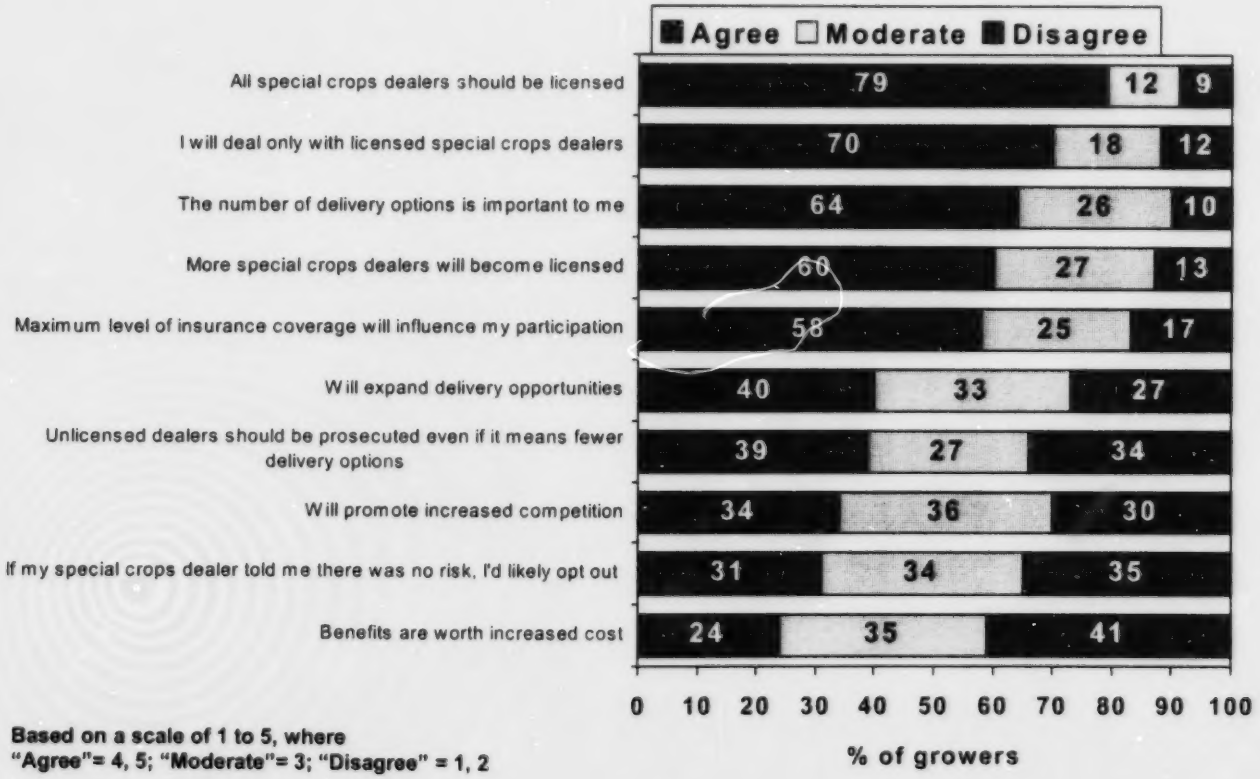
Growers are largely split on whether they would opt out if their dealer told them there was no risk. Growers agreed that the maximum level of insurance coverage would influence their participation (58%) and largely disagreed (41%) or were unsure (35%) that the benefits were worth the increased cost.

Differences between provinces

- Saskatchewan growers (74%) are more likely to deal only with licensed special crops dealers than those in Manitoba (62%) or Alberta (60%).

- The number of delivery options and the maximum level of coverage is more important to growers in Alberta (77% and 71%) than growers in Manitoba (71% and 56%) or Saskatchewan (60% and 56%). Alberta growers are also more likely to opt out of the program if their dealer tells them there is no risk (40% vs. 30% in Saskatchewan and 29% in Manitoba).

Attitudes Toward the Special Crops Insurance Plan



Based on a scale of 1 to 5, where "Agree"= 4, 5; "Moderate"= 3; "Disagree" = 1, 2

Effect of Features on Likelihood of Participation

Growers were asked how likely they would be to participate in the proposed insurance plan based on several features of the plan (based on a scale of 1 to 5, where 1 meant they would be less likely and 5 meant they would be more likely to participate).

Again, it becomes apparent that growers want protection – as over 8 in 10 growers say they are more likely to participate knowing they are insured in case of dealer bankruptcy or default of payment.

Around three-quarters of growers like features of the program that are less restrictive – including the program being voluntary (they can opt out) (75%) and the opportunity to opt back if they decide to participate after opting out (73%). Over half of growers also would be more likely to participate because the costs of the program will be transparent (51%).

Other features were seen by growers as positive, such as the requirements of having to deal only with licensed dealers or elevator operators (69%) and in the event of a claim having to provide the insurer information to support the claim (69%).

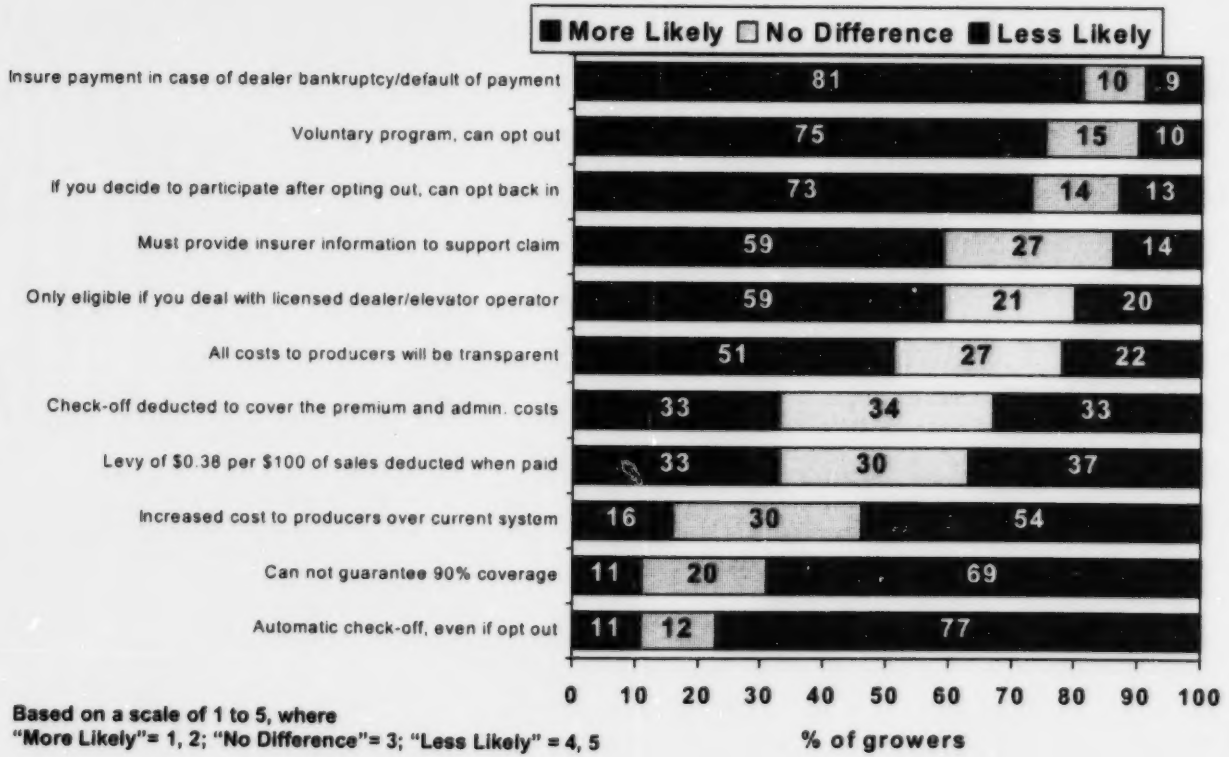
However, just over three-quarters of growers say that the automatic check-off associated with the proposed plan will make them less likely to participate, with another 7 in 10 saying coverage limitations would make them less likely to participate.

The cost associated with the proposed plan over the current system is also a concern - with over half of growers saying they would be less likely to participate. Reactions are mixed to the automatic check-off deducted to cover premium and administrative costs and the levy of $0.38 per $100 of sales deduction.

Differences between provinces

- Growers in Saskatchewan (75%) and Alberta (71%) are more likely to participate in the program because of the opportunity to opt back in if they have previously opted out than growers in Manitoba (59%).

Effect on Likelihood of Participation



Based on a scale of 1 to 5, where
"More Likely"= 1, 2; "No Difference"= 3; "Less Likely" = 4, 5

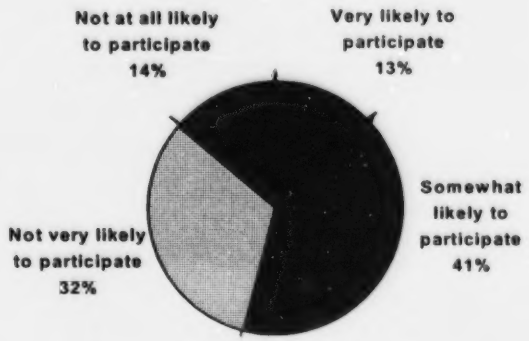
Likelihood of Participation

Stated Intentions

Although just over half (54%) of growers indicate they are likely to participate in the plan, intentions are not strong. Only 13% indicate they are very likely to participate, while 41% are somewhat likely to participate. Intentions to opt are not strong either – only 14% indicate they are not at all likely to participate, while 32% are not very likely to participate.

On the whole, producers' intentions towards the program can best be described as lukewarm.

Likelihood of Participation in the Plan -- Stated Intentions --


Not at all likely to participate 14%
Very likely to participate 13%
Somewhat likely to participate 41%
Not very likely to participate 32%

Base: All Growers (n=301)

- Of note, almost 6 in 10 Alberta growers (57%) stated that they would not likely participate in the program, whereas 44% stated this in Saskatchewan and 47% stated this in Manitoba.

- Younger growers are more likely to say they will participate in the program (60% less than 45 years of age vs. those 45 to 54 years (56%) and those over 55 years (47%).

Based on sales of special crops, 15% of special crops sales are represented by those very likely to participate, with another 43% of sales captured by somewhat likely responses. As such, based on growers' stated intentions, 58% of sales would be covered by the program.

Expected Participation Rates

In many cases, research captures the projected use of a product or program based on farmers' intentions, that exceeds what they actually will use. Possible reasons for this difference include changes in market conditions from the time research was conducted to product/program launch, changes in the farmers' financial situation since they responded to the survey, changes in farmers' cropping intentions, as well as factors that relate to the marketing and promotion of the program.

To adjust for these factors, stated intentions are discounted with the use of a model called the Expected Use Model (which is based on historic experience and research "norms"). The Expected Use Model uses a discounting calculation to estimate expected participation – three-quarters of those that state they are very likely to participate are expected to actually do so, and one-third of those that state they are somewhat likely to participate are expected to do so.

After applying the Expected Use Model, just under one-quarter of growers (23%) can be expected to participate in the proposed insurance plan. With respect to sales, 26% of sales would likely be included in the program.

However, the Expected Use Model is premised on growers having to take action in order to purchase a new product, or sign up for a new service. It is not derived from case studies where growers would need to take action in order to opt out of a service or program. *As such, the above estimates can be considered reliable if growers have to sign up for the Special Crops Insurance Plan, but may not be reliable under the situation where growers must proactively opt out to avoid participation.*

Expected Opt Out Rates

To predict opt out rates, the discount factors from the Expected Use Model could be applied to the proportion of growers who are not likely to participate in the program (i.e. three-quarters of those that are not at all likely to participate could be expected to actually opt out, and one-third of those that are not very likely to participate could be expected to opt out). (Please note: we have no historic data or "norms" to support the application of the Expected Use Model in this way).

With these adjustments, we could possibly expect 21% of growers to opt out of the program in the first year (leaving 79% in the program). However, over time, the expected opt out rate should rise (as more growers not intending to participate take the action necessary to opt out).

Other Considerations

Another consideration in estimating the participation rate -- or opt out rate -- is program awareness and understanding. If 100% awareness and understanding is not achieved, participation rates will be "inflated" simply because some growers will be unaware they need to take action to opt out.

Implications

If the Special Crops Insurance Plan is launched and structured with automatic participation, it is likely that the participation rate hurdle of 65% would be achieved in the first year. However, this participation rate would not be representative of growers' intentions. Participation rates would be artificially high simply because of the impact of the program structure.

Over time, we would expect participation rates to fall below the 65% level, putting the program viability into question. As such, the program would not be sustainable.

Reasons for Participation

Almost one-quarter of growers that stated they would participate say that safety is the main reason, followed by another 16% saying the *guarantee* is the reason.

Reasons for Participation				
% of growers	Western Canada	Alberta	Sask.	Manitoba
Likely to participate				
Safety/avoid risk	23	7	26	17
The guarantee of a payment	16	7	18	11
Need more information	8	-	8	11
Increased competition	5	13	5	-
Deal with secure companies	4	13	4	-
Necessity/need cash flow	4	7	4	6
Good idea	4	-	4	6
Not likely to participate				
Too expensive	16	10	17	19
I deal with a secure company	14	20	14	6
Producers have to pay	12	5	12	25
Never had problems with dealers	9	5	9	19
Don't need it	5	10	5	-
No guarantee of payment	5	5	5	6

- Reasons for participating in the program varied between provinces. In Alberta, growers most frequently mentioned reasons for participating in the program being increased competition or more companies becoming licensed (13%). However, another 13% of growers say they deal with secure or licensed companies, so they may not be concerned about protection and therefore this or the current system would suffice.

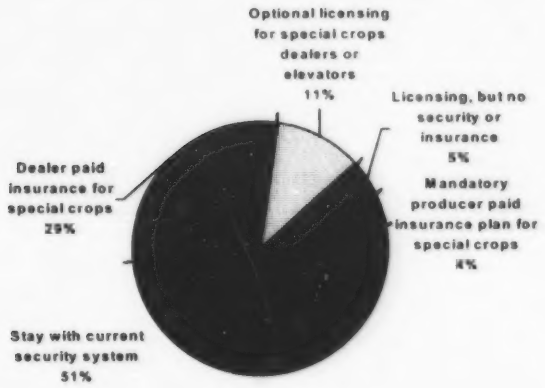
Growers that stated they would not likely participate say the expense is the main reason, (16%), with another 12% saying producers shouldn't have to pay. In addition, 14% of growers say that they already deal with licensed dealers.

- Reasons to not participate in the program also varied between provinces. Cost was especially an issue in Manitoba and Saskatchewan with growers saying the proposed program is both too expensive (19% and 17%) and producers shouldn't have to pay (25% and 12%). Growers in Alberta are more likely to say they don't need the program (10%) or they already deal with licensed dealers (20%).

Attitudes toward alternatives

Just over half of growers support staying with the current system if there is insufficient interest in the proposed insurance plan. In addition, almost 3 in 10 growers would support dealer paid insurance for special crops.

Support of Alternatives


Optional licensing for special crops dealers or elevators 11%
Licensing, but no security or insurance 5%
Mandatory producer paid insurance plan for special crops 4%
Dealer paid insurance for special crops 29%
Stay with current security system 51%

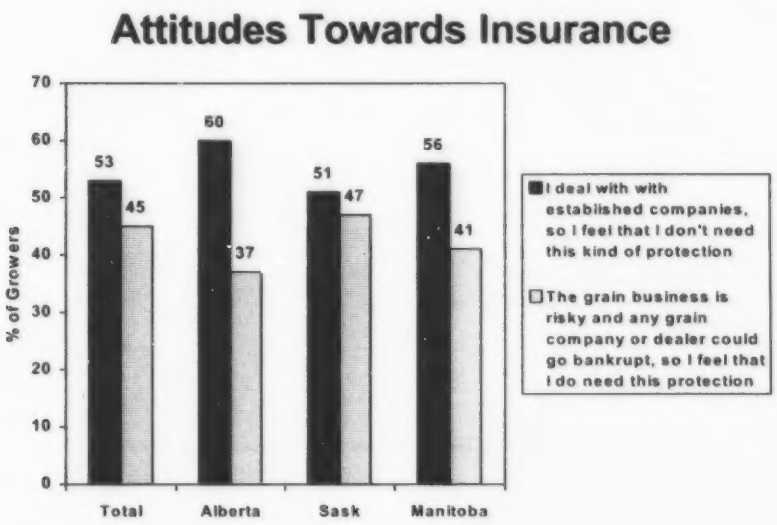
Base: All Growers (n=301)

- Growers in Manitoba (62%) and Saskatchewan (51%) are more likely to say they would stay with the current security system than growers in Alberta (46%).
- Growers not likely to participate in the proposed program are more likely to say they would stay with the current system (not at all likely – 63%, not very likely – 50%).

Security for Crops in General

Growers were asked to whether or not they need protection for all crops, considering that it costs producers to administer the current system.

Special crops growers are slightly more likely to feel that they don't need protection because they deal with well established companies (53%), than that they need protection (45%).



- Alberta growers are more likely to feel they don't need protection (60%) than those in Manitoba (56%) or Saskatchewan (51%).

- Growers over 55 years of age are more likely to say they don't need this kind of protection for their crops (61%) than younger growers (53% - 45 to 54 years; 45% - less than 45 years).

In 1997, producers with grain operations were asked whether or not they need protection for crops. These growers were more likely to feel that they need protection than special crops growers interviewed in 1999 (56% in 1997 vs. 45% in 1999).

Profile of Participants versus Non-Participants

This section examines the profile of growers that stated they are somewhat or very likely to participate versus the profile of growers that stated they are not very or not at all likely to participate in the proposed Special Crops Insurance Plan.

Farm size

Growers that say they will participate have similar acres of special crops to those that are not likely to participate in the proposed insurance plan.

Farm Size		
% of growers	Participants	Non-Participants
Acres under crop, 1999		
Less than 320 acres	5	6
320 to 639	7	9
640 to 1279	30	34
1280 or more	58	50
Acres of grains, oilseeds and special crops, 1999		
Less than 320 acres	6	9
320 to 639	7	12
640 to 1279	31	31
1280 or more	56	45
Acres of special crops, 1999		
Less than 320 acres	43	54
320 to 639	20	17
640 to 1279	14	12
1280 or more	7	6
None	17	10
Acres of special crops, 1998		
Less than 320 acres	54	59
320 to 639	20	14
640 to 1279	12	11
1280 or more	5	4
None	10	11

Farm sales

Growers that say they will participate in the program had slightly more sales from special crops in 1999 than those that say they will not participate (28% vs. 21% over $100,000 sales)

Farm Sales		
% of growers	Participants	Non-Participants
Total farm sales 1999		
Less than $50,000	6	9
$50,000 to $99,999	15	23
$100,000 to $249,999	46	39
$250,000 and over	30	24
Sales of grains, oilseeds and special crops, 1999		
Less than $50,000	12	16
$50,000 to $99,999	19	24
$100,000 to $249,999	42	40
$250,000 and over	27	19
Sales of special crops, 1999		
Less than $50,000	38	40
$50,000 to $99,999	19	21
$100,000 to $249,999	22	17
$250,000 and over	6	4
None	11	7
Sales of special crops, 1998		
Less than $50,000	41	47
$50,000 to $99,999	27	17
$100,000 to $249,999	15	12
$250,000 and over	5	4
None	9	9

Delivery patterns

Growers that are not likely to participate in the proposed plan deal more with large, established grain companies (52%) than those likely to participate (42%).

Both growers that say they are likely and are not likely to participate in the proposed plan associate similar levels of risk with different types of dealers, with slightly more growers that will not participate in the plan associating no risk with small, unlicensed local dealers (14% vs. 5%).

Delivery Pattern (% of 1999 special crops sales)	Participants	Non-Participants
Large, established grain companies	42	52
Small, licensed local dealers	51	29
Small, unlicensed local dealers	5	15
Risk Associated With Dealers (% growers)		
Large, established grain companies		
No risk at all	97	96
Extremely risky	-	2
Small, licensed local dealers		
No risk at all	51	51
Extremely risky	11	13
Small, unlicensed local dealers		
No risk at all	5	14
Extremely risky	75	71

Differences in attitudes and opinions

General program features that are most important: The most important feature of an insurance program (in general) to growers that are very likely (40%) or somewhat (32%) likely to participate is the guarantee of payment (40% of those very likely to participate and one-third of those somewhat likely to participate mention this). Growers not likely to participate were most likely to mention cost as the most important feature of a program in general (mentioned by 27% of those not very likely to participate and by 23% of those not at all likely to participate).

Attitudes towards the proposed plan: Not surprisingly, growers that said they are very or somewhat likely to participate in the program, are more likely to view the program positively than those not likely to participate – agreeing the program will increase competition, expand delivery opportunities, more dealers will become licensed, and that the benefits are worth the cost.

Effect of various features on participation: Growers not likely to participate, like features of the program including insured payment in case of dealer bankruptcy, the opt back in option and the option to opt out (voluntary program) – saying that they are more likely to participate in the program because of these features.

Appendix A:

Recruit Questionnaire

Special Crops Insurance Plan: Producer Opinion Study
- Recruit Screener -
Final Copy
November 16, 1999

Province:
Manitoba
Saskatchewan
Alberta

CD#: ____

INTRODUCTION
Hello, this is (name) calling from the Angus Reid Group. Tonight we are contacting farmers on behalf of the Canadian Grain Commission. We're asking for your opinions on a new insurance plan that is being proposed for special crops.

[READ IF NECESSARY: Your phone number was randomly selected to represent the opinions of farmers in your area.]

SCREENER
A. Have you grown special crops in the past two years, such as beans, peas (including chickpeas), buckwheat, corn, fababeans, lentils, mustard, soybeans, safflower, sunflowers or triticale?

Yes
No THANK AND TERMINATE
[IF TERMINATE: Thank you, but we are looking to speak with farmers who have grown special crops recently. I hope that we will be able to complete a survey with you on a different topic in the future. Thanks again.]

B. Are you the primary decision maker for your cropping operation?

Yes
Joint
No ASK TO SPEAK TO THAT PERSON, READ INTRO AGAIN.
[IF NOT AVAILABLE, ARRANGE CALLBACK. IF REPONDENT INDICATES THIS IS NOT A GOOD TIME TO COMPLETE THE INTERVIEW, ARRANGE CALLBACK]

C. Consultations about the proposed plan have taken place with producer groups and grain companies. The goal of this study is to capture general producer opinions about the proposed insurance plan. Are you a special crops dealer or currently on the board of a special crops producer organization?

Yes to either THANK AND TERMINATE
No to both

[INTERVIEWER NOTE: If producer is a crop dealer or on the board of a producer organization, and insists on participating or is upset about being excluded from the study – let them complete the study.]

[IF TERMINATE: Thank you, but we are looking to speak with farmers who have grown special crops. I hope that we will be able to complete a survey with you on a different topic in the future. Thanks again.]

NOTE: PUT ON ALL SCREENS: If respondent has any questions concerning this study, ask them to call Holly Friesen at Angus Reid Group at 1-888-999-1563.

READ THE FOLLOWING TO ALL RESPONDENTS

D. The study we are conducting involves asking you a few questions now, sending you some material in the mail for you to read and then calling you back about a week after you receive the package to ask you some questions about the materials you see in the package. The package will be mailed out to you over the next week and will include a description of the proposed Special Crops Insurance Plan, as well as some questions asking your opinion about the plan. The callback will only take about 10 to 12 minutes of your time.

Would you be interested in participating in this study?

Yes
No THANK AND TERMINATE

READ IF NECESSARY: You were selected at random and your identity will be kept confidential. Let me assure you that we are not selling anything and that your participation in our research study is voluntary but would be greatly appreciated.

E. Thank you for agreeing to participate in this study. How should we address the envelope we will send the materials in? (RECORD ACCURATELY AND REPEAT TO ENSURE INFORMATION IS CORRECT) You should receive this package by mail within the next two weeks and we will be calling you soon after that to collect some additional information.

a. FIRST NAME
b. LAST NAME
c. FARM NAME
d. MAILING ADDRESS
e. PROVINCE
f. POSTAL CODE

F. I'd also like to confirm that your phone number is _ _ _ - _ _ _ - _ _ _ _

G. What is the best time of day to call you back? (RECORD INCLUDING AM OR PM)

_____

Demographics

Now, I'd like to ask you some questions for statistical purposes.

H. Which of the following categories best describes your total farm sales last year? (READ LIST)

Less than $50,000
$50,000 - $99,999

$100,000 - $249,999
$250,000 - $499,999
$500,000 and over

I. And, what proportion of your total farm sales was accounted for by grains, oilseeds and special crops alone?

_____%

J. Thinking about your expected total sales of special crops this year, in 1999, what do you expect your sales to be? [INTERVIEWER PROBE: Your best estimate?)

K. Thinking about your total sales of special crops last year, in 1998, what were your total sales? [INTERVIEWER PROBE: Your best estimate?)

Appendix B:

Mailout Questionnaire

Information for Special Crops Growers on the Proposed Special Crops Insurance Plan

Thank you for agreeing to participate in this survey. We appreciate very much the time and effort that is involved in reviewing this information and providing us with your views. This survey will capture the needs of special crops producers regarding an insurance program.

The Canadian Grain Commission commissioned this study because it wishes to be certain the program will have the support of special crops producers. Following the publication of draft regulations in June 1999, it became evident that many producers were unaware of this proposed program, even though it had been the subject of consultation for several years.

This information is being provided to enable you to give us your informed views.

Your feedback will help us to better understand whether there is a need for the proposed special crops insurance plan or whether your needs would be better served by redesigning the proposed program or whether it would simply be best to continue with the current system.

Your individual answers will be kept totally confidential. No one, including the Canadian Grain Commission, which has commissioned this survey, will have access to the names and responses of individual producers. We will receive a statistical report from the polling company, Angus Reid.

Below is a description of the plan and an analysis of its strengths and its weaknesses. If, after reading this description, you have any questions that you need answered before responding to the survey, I encourage you to call our Special Crops Insurance Plan Co-ordinator, Rae Bradford, toll free, at 1-800-853-6705, or at (204) 984-8201.

Thank you, once again.

Doug Stow
Assistant Chief Commissioner
Canadian Grain Commission

What is the Special Crops Insurance Plan?
Special Crops Insurance Plan is a proposed program designed to provide special crops producers with some measure of financial protection when delivering crops to a company or dealer licensed by the Canadian Grain Commission (CGC).

Your participation in the special crops insurance plan would be voluntary. You would be covered only if you participate in the plan.

If Special Crops Insurance Plan were to be implemented, a check off would be deducted from your special crops sales to cover the insurance premium and administration costs. All producers would be charged this levy for the special crops grains they deliver. Those who did not wish to participate could opt out of the program and their premium would be refunded.

The reasons for Special Crops Insurance Plan
Special Crops Insurance Plan was developed to make it easier for special crops dealers to enter the industry. Currently, all companies licensed to purchase grain from producers must provide a letter of credit or bond to cover what they owe to producers. This requirement is viewed by many to be an obstacle to the growth of the special crops industry in western Canada, because companies cannot get a license otherwise.

According to a discussion paper published by the Canadian Grain Commission in 1996, the special crops insurance plan was designed in consultation with farmers and the industry, with the following objectives:

1. Security ought to be available to all producers who are prepared to pay for it; it should be voluntary; it must be administratively straightforward and affordable.

2. The cost of licensing should not be a barrier to participation in the special crops industry; the special crops industry is poised for growth in western Canada, and any regulatory system that emerges must not impede that growth; rather, it should encourage healthy development. Licensing must be cost-recovered, and not subsidized by other, unrelated activities.

3. The system should not impose additional bureaucracy (public or private) and administrative costs on any sector of the industry -- including growers, processors, dealers, elevators or government; rather, it should add value to the efforts of all involved.

Special Crops Insurance Plan was developed by an advisory committee composed of representatives of the Alberta Pulse Growers Commission, the Saskatchewan Pulse Crop Development Board, the Manitoba Pulse Growers Association, the Canadian Special Crops Association and the Western Canadian Marketers and Processors Association.

Administration
Following the implementation of Special Crops Insurance Plan, an advisory committee, the majority of whom would be farmers, would advise the Minister of Agriculture and Agri-Food on the operations of the plan.

The program would be administered by the Canadian Grain Commission, but the advisory committee could recommend that it be another administrator in the future.

The insurer would be the Export Development Corporation, though other underwriters could be chosen in the future.

Grains covered
Grains proposed for coverage are beans, buckwheat, corn, fababeans, lentils, mustard seed, peas (including chickpeas), safflower seed, soybeans, sunflower seed and triticale.

This list is under review and could change prior to the implementation of the Special Crops Insurance Plan regulations. Grains could be added or removed from this list on the advice of the advisory committee that would be in place to make recommendations to the Canadian Grain Commission.

Costs to Producers
The licensee would deduct a levy of $ .38 per $100 of sales when you are paid and forward it to the CGC. This levy could change in years to come, depending on losses experienced and administrative cost increases.

Initially the levy would consist of an insurance premium of 20 cents and an administrative fee of 18 cents. This works out to between 50 cents and $1.00 per acre of special crops depending on crop price and yield.

To determine the cost to you, take the total sales value of your special crops before deductions for last year and do the following calculation:

($ special crops sales before deductions) X 0.38 = Cost of Special Crops Insurance Plan
100 to you

For example, if you were paid $100,000 last year for your special crops deliveries, your Special Crops Insurance Plan levy would amount to:

($100,000) X 0.38 = $380
100

Eligible companies
Under the special crops insurance plan, you would be covered when dealing with several kinds of CGC licensees:

- Special crops dealers: (that is, elevator operators and grain dealers who deal only in special crops)
- Primary elevators
- Process elevators
- Grain dealers

No matter what kind of licensee you deal with, protection for special crops deliveries would be provided only through Special Crops Insurance Plan. Licensed companies buying special crops would not be required to post security to cover their liabilities to special crops growers, as is now the case.

Making a claim

If a licensee refused or failed to pay, you could make a claim. Your eligibility for compensation would be subject to the same rules that apply under the current security system:

- the company would have to be licensed by the CGC
- you would have had to obtain CGC-authorized documents when delivering your grain (cash purchase ticket or cheque, elevator receipt [i.e., primary, interim, special bin], or a grain receipt. Scale tickets would not support claims.)
- you would have had to adhere to prescribed deadlines: you would be protected for 90 calendar days from the date you deliver grain, however you would have only 30 days from the day you are given a payment to make a claim.

Coverage Limitations

Coverage is limited. Furthermore, we cannot say for certain how much compensation an eligible grower would receive in the event that a company went bankrupt.

In the first place, the insurance plan has a 10 percent deductible clause. The maximum protection is limited to 90 per cent of the value of your delivery.

Secondly, there is a cap on the total coverage the insurer would provide per year. At this time we do not know what this cap would be, but it would be based on the level of insurance coverage provided to the largest dealer in special crops covered by the program. If the cap were to be exceeded, some producers would not receive full payment (i.e., they would not receive 90 per cent of the value of their delivery).

Thirdly, the amount of compensation would be limited to the amount of coverage provided to the individual licensee that went bankrupt. If "Company X" owed $1 million to growers, but only had Special Crops Insurance Plan coverage of $500,000, the growers would only be entitled claim against $500,000.

While the CGC would monitor companies to compel them to keep their liabilities to growers in line with their insurance coverage, it is impossible to guarantee that companies would not exceed their coverage. Under the Canada Grain Act, the government is not liable for losses producers might have in this kind of situation.

Opting out, getting a refund, and opting back in

A producer could not pick and choose which transactions would be covered by Special Crops Insurance Plan. You would either be in for all of your special crops deliveries, or out.

To opt out of the plan, you would send an "opt out application form" to the CGC before the start of a crop year. Your withdrawal from the insurance plan would take effect at the start of that crop year. For the upcoming 2000–2001 crop year, this would be August 1, 2000.

Once you had opted out, you would not be covered at all by Special Crops Insurance Plan. You would continue to pay the levy, but you would automatically receive a refund at periodic intervals. No interest would be paid on refunded levies.

If you later decided you wanted to participate, you would notify the Canadian Grain Commission, in writing, before the start of the new crop year. Your coverage would resume at the beginning of the new crop year.

Additional Responsibilities of the Producers
In addition to the responsibilities noted above, special crops producers would be required to:

- Resolve disputes with the dealer-operator on price or grade prior to making a claim.
- Take all reasonable care to avoid and minimize losses.
- Ensure that you didn't have a material equity interest in the company against which you are making a claim.
- That you didn't sign over your rights to payment to another party (only the producer can claim for non-payment).
- In the event of a claim, that you provided the insurer with all pertinent information that they may request.
- In the event of a claim, that you agreed to allow CGC to provide all pertinent information relating to your operation to the insurer.
- Allow the insurer to have access to information for the purposes of audits.

How is Special Crops Insurance Plan different from the current producer financial protection system?
Currently, when you deliver cereal grains, oilseeds or special crops to a company licensed by the CGC, your delivery is covered by the security or letter of credit provided by the licensee for 90 days from the date of delivery or 30 days from the date you are paid, whichever is shorter.

As with Special Crops Insurance Plan you must obtain CGC authorized documents when you deliver the grain. The onus is on you to ensure you are dealing with a licensed company.

Unlike Special Crops Insurance Plan, there is no deductible; if the security is sufficient to cover all eligible claims, all eligible claimants are paid in full. But, if the security provided by the company is less than its liabilities to eligible producers, you are entitled only to your share of whatever security is available.

The annual indirect cost to producers of the current security system is estimated at $5.57 per producer, while the proposed Special Crops Insurance Plan program would cost participating western Canadian special crops producers an estimated $54 per year. Of course, estimates are based on averages. The best way to determine the cost to you would be to do calculation in the section called "Cost to Producers" on page 35.

Special Crops Insurance Plan would be more expensive for farmers because the cost of administration is paid by producers. The administration costs of the current security program are paid for out of the revenues the CGC receives for its inspection and weighing services and licensing fees. Another factor is the increased risk of financial default by small companies that deal exclusively in special crops because more companies would be licensed, adding to the competition.

Under Special Crops Insurance Plan, if producers did not feel that the benefits of participating were worth the cost, they could opt-out and receive a refund of their levies. Under the current system, the only way a producer can avoid the indirect costs of the security system is deal with unlicensed, unsecured companies.

Potential benefits of Special Crops Insurance Plan for producers
The CGC has estimated that an additional 125 companies would choose to enter the licensed special crops industry if Special Crops Insurance Plan were to be introduced. If this occurred, producers would benefit from increased competition and expanded delivery opportunities in the special crops industry.

Currently many producers are dealing with unlicensed and unsecured companies. If these companies were to become licensed by the CGC, producers would have a measure of financial protection when they deliver to them that does not now exist

Effective November 1, 1999
En date du 1er novembre 1999

CANADIAN GRAIN COMMISSION

LICENSEES/TITULAIRES DE LICENCE

Name/Nom	Head Office/Siège Social	Class of Licence/ Catégorie de licence
3903193 Manitoba Inc.	Winnipeg, Manitoba	Primary
ADM Agri-Industries Ltd.	Windsor, Ontario	Grain Dealer/Process/Primary
AgPro Grain	Regina, Saskatchewan	Grain Dealer/Primary
Agricore Cooperative Ltd.	Winnipeg, Manitoba	Terminal/Grain Dealer/Primary
Agtech Processors Inc.	Regina, Saskatchewan	Grain Dealer
Alberta Oats Ltd.	Edmonton, Alberta	Process
API Grain Processors Limited Partnership	Red Deer, Alberta	Process
Archer-Daniels-Midland Company	Decatur, Illinois, USA	Grain Dealer
Belle Pulses Ltd.	Bellevue, Saskatchewan	Grain Dealer
Berdex Canada Ltd.	Winnipeg, Manitoba	Grain Dealer
Best Cooking Pulses, Inc.	Portage la Prairie, Manitoba	Grain Dealer
Brett-Young Seeds (Gilbert Plains) Partnership	Gilbert Plains, Manitoba	Grain Dealer
Bunge of Canada Ltd./Bunge du Canada Ltée	Quebec City, Quebec	Transfer/Grain Dealer
C.B. Constantini Ltd.	Vancouver, B.C.	Grain Dealer
Canada Malting Co., Limited	Vancouver, B.C.	Process
Canada Ports Corporation/Société canadienne des ports	Ottawa, Ontario	Transfer
CanAmera Foods	Oakville, Ontario	Process/Grain Dealer/Primary
Canary Island Seed Associates Inc.	Sedley, Saskatchewan	Grain Dealer
Canbra Foods Ltd.	Lethbridge, Alberta	Process/Grain Dealer
Cancom Grain Company Inc.	Winnipeg, Manitoba	Grain Dealer
Can-Oat Milling Products Inc.	Portage la Prairie, Manitoba	Process
Can-Oat Milling (Saskatoon) Inc.	Martensville, Saskatchewan	Process
Cargill Limited	Winnipeg, Manitoba	Terminal/Grain Dealer/ Transfer/Primary/Process
Cascadia Terminal	Calgary, Alberta	Terminal
Cenex Harvest States Cooperatives	Inner Grove Heights, Minnesota, USA	Grain Dealer
Central Grain Company Ltd.	Winnipeg, Manitoba	Process
ConAgra Limited	Winnipeg, Manitoba	Grain Dealer/Process/Primary
Country Commodities Limited	Lethbridge, Alberta	Grain Dealer
Delmar Commodities Ltd.	Winkler, Manitoba	Primary
Dominion Malting Limited	Winnipeg, Manitoba	Process
Dow AgroSciences Canada Inc.	Calgary, Alberta	Grain Dealer
Export Packers Company Limited	Brampton, Ontario	Grain Dealer
Finora Canada Ltd.	Surrey, B.C.	Grain Dealer
Gambrinus Malting Corporation	Armstrong, BC	Process
General Mills Canada, Inc.	Etobicoke, Ontario	Grain Dealer
Global Grain Canada Ltd.	Plum Coulee, Manitoba	Grain Dealer/Primary

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Name/Nom	Head Office/Siège Social	Class of Licence/ Catégorie de licence
Goderich Elevators Limited	Goderich, Ontario	Transfer
Great Lakes Elevator Company Limited, The	Owen Sound, Ontario	Transfer
Great Northern Grain Terminals Ltd.	Nampa, Alberta	Primary/Grain Dealer
Great Sandhills Terminal Marketing Centre Ltd.	Leader, Saskatchewan	Primary
Great Western Grain Company Ltd.	Lloydminster, Saskatchewan	Grain Dealer
Halifax Port Authority	Halifax, Nova Scotia	Transfer
Horizon Agro Inc.	Morris, Manitoba	Grain Dealer
Hub Commodities Inc.	Nanton, Alberta	Grain Dealer
Hudson Bay Port Company	Churchill, Manitoba	Terminal
International Grain Trade Canada Inc.	Vancouver, B.C.	Grain Dealer
James Richardson International Limited	Winnipeg, Manitoba	Terminal/Transfer
James Richardson International (Quebec) Limited/James Richardson International (Québec) Limitée	Boucherville, Quebec	Transfer
Johnson Seeds Ltd., S.S.	Arborg, Manitoba	Primary
K.C.Z. Transport Ltd.	Edmonton, Alberta	Grain Dealer
Keystone Grain Ltd.	Winkler, Manitoba	Grain Dealer/Primary
Knight Seed Ltd.	Vanscoy, Saskatchewan	Grain Dealer
Lansing Grain Company	Okemos, Michigan, USA	Grain Dealer
Linear Grain Inc.	Carman, Manitoba	Grain Dealer
Louis Dreyfus Canada Ltd.	Calgary, Alberta	Grain Dealer/Primary
Mainline Terminal Ltd.	Moosomin, Saskatchewan	Primary
Maviga N.A., Inc.	Regina, Saskatchewan	Grain Dealer
Mid-Sask Terminal Ltd.	Watrous, Saskatchewan	Primary
Montana Specialty Mills, L.L.C.	Great Falls, Montana, USA	Grain Dealer
Montreal Port Authority/Administration portuaire de Montréal	Montreal, Quebec	Transfer
Naber Seed & Grain Co. Ltd.	Melfort, Saskatchewan	Grain Dealer
Newfield Seeds Company Ltd.	Lindsay, Ontario	Grain Dealer
North East Terminal Ltd.	Wadena, Saskatchewan	Grain Dealer/Primary
North West Terminal Ltd.	Unity, Saskatchewan	Primary
Northern Sales Co. Ltd.	Winnipeg, Manitoba	Grain Dealer
Pacific Elevators Limited	Calgary, Alberta	Terminal
Parent Seed Farms Ltd.	St. Joseph, Manitoba	Grain Dealer
Parkland Pulse Grain Co. Ltd.	North Battleford, Saskatchewan	Grain Dealer
Parrish & Heimbecker, Limited	Winnipeg, Manitoba	Terminal/Grain Dealer/ Primary/Process
Paterson & Sons Limited, N.M.	Winnipeg, Manitoba	Grain Dealer/Primary
Perdue Shafer Inc.	Vancouver, B.C.	Grain Dealer
Pioneer Grain Company, Limited	Winnipeg, Manitoba	Grain Dealer/Primary
Prairie Flour Mills Ltd.	Elie, Manitoba	Process

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Name/Nom	Head Office/Siège Social	Class of Licence/ Catégorie de licence
Prairie Malt Limited	Biggar, Saskatchewan	Process
Prairie Mountain Agri Limited	Roblin, Manitoba	Primary
Prairie West Terminal Joint Venture	Calgary, Alberta	Primary
Prince Rupert Grain Ltd.	Prince Rupert, B.C.	Terminal
Range Grain Company Limited	Winnipeg, Manitoba	Grain Dealer
Ritchie Patrick Agencies Inc. O/A Viking Grain & Livestock Marketing	Viking, Alberta	Grain Dealer/Primary
Robin Hood Multifoods Inc.	Markham, Ontario	Process
Roy Legumex Inc.	St. Jean Baptiste, Manitoba	Grain Dealer
Sabourin Seed Service Ltd.	St. Jean Baptiste, Manitoba	Grain Dealer
Saskatchewan Wheat Pool	Regina, Saskatchewan	Terminal/Grain Dealer/ Process/Primary
Scoular Canada, Ltd.	Calgary, Alberta	Grain Dealer
Seedtec Ltd.	Qu'Appelle, Saskatchewan	Grain Dealer/Primary
Silos Port Cartier, Les, A Joint Venture Between Louis Dreyfus Canada Ltd. and Range Grain Company Limited	Montreal, Quebec	Transfer
Simpson Seeds Inc.	Moose Jaw, Saskatchewan	Grain Dealer
South West Terminal Ltd.	Gull Lake, Saskatchewan	Grain Dealer/Primary
Stow (1986) Ltd., R.T.	Carman, Manitoba	Grain Dealer
Terminal 22 (1998) Inc.	Balcarres, Saskatchewan	Grain Dealer/Primary
Tri Lake Agri Limited	Winnipeg, Manitoba	Primary
United Grain Growers Limited	Winnipeg, Manitoba	Terminal/Grain Dealer/ Primary
Upper Lakes Group Inc. O/A Les Élévateurs des Trois-Rivières	Toronto, Ontario	Transfer
Vanderveen Commodity Service Ltd.	Carman, Manitoba	Grain Dealer
Walhalla Bean Company	Walhalla, North Dakota, USA	Primary
Walker Seeds Ltd.	Star City, Saskatchewan	Grain Dealer
Westcan Malting Ltd.	Alix, Alberta	Process
Wetaskiwin Co-operative Seed Cleaners Limited	Wetaskiwin, Alberta	Grain Dealer
Weyburn Inland Terminal Ltd.	Weyburn, Saskatchewan	Primary/Grain Dealer
Wilbur-Ellis Company of Canada Limited	Lethbridge, Alberta	Grain Dealer
Windsor Grain Terminal Ltd.	Windsor, Ontario	Transfer
XCAN Grain Pool Ltd.	Winnipeg, Manitoba	Grain Dealer

NOTE: This list includes all licensed dealers.

Thank you again for agreeing to participate in our producer opinion study on the Special Crops Insurance Plan.

Your opinions on this new insurance plan are very important. Your feedback helps the Canadian Grain Commission better understand the importance of an insurance plan for special crops.

Please be assured that your identity will be kept confidential, and your answers will be grouped with those of other growers that we interview. We would like you to look at the information provided regarding the Special Crops Insurance Plan and then work through the attached questionnaire.

We will be calling you within a few days to collect this information. In the meantime, if you have any questions or comments about the survey itself, or if you would like to schedule your interview appointment, please call 1-888-999-1563. If you have questions specifically about the content of the proposed Special Crops Insurance Plan, please contact Rae Bradford at the Canadian Grain Commission at 1-800-853-6705, or at (204)984-8201.

Thank you again for your time and assistance.

Sincerely,
Holly Friesen
Angus Reid Group, Agri-Food Division

EASY INSTRUCTIONS...

- ✓ The person who is responsible for making MOST OF THE CROP DECISIONS on your operation should complete this questionnaire.
- ✓ Please read the program description BEFORE you complete the questionnaire.
- ✓ Please answer all questions as completely and truthfully as possible. This will help to SPEED up your interview time when we call you back to collect the information.
- ✓ PLEASE DO NOT MAIL THIS SURVEY BACK TO US. Please keep the completed questionnaire near the phone so you can refer to it when we call you to collect your responses.
- ✓ If you have any questions about the survey, please call us toll free at 1-888-999-1563.

SURVEY QUESTIONNAIRE

SPECIAL CROPS PRACTICES...

1. How many total acres of grains, oilseeds and special crops did you seed in 1999? (PLEASE RECORD BELOW)

_____ acres

2. How many acres of special crops did you seed in 1998 and 1999? (PLEASE RECORD BELOW)

1998 Special Crop Acres	1999 SPECIAL CROP ACRES
_____ acres	_____ acres

3. In the past two years, what special crops have you grown? (PLEASE CHECK ALL THAT APPLY BELOW)

Special Crops Grown	1998	1999
Beans	❑	❑
Peas (including chickpeas)	o	o
Buckwheat	o	o
Corn	❑	❑
Fababeans	o	o
Lentils	o	o
Mustard	o	o
Soybeans	o	o
Safflower	o	o
Sunflowers	o	o
Triticale	o	o

4. And, what percentage of your special crop production do you sell to each of the following, in any one year: (PLEASE RECORD BELOW)

Special Crops Dealers	% of sales
Large, well established grain companies (such as Agricore, UGG, SWP etc.)	_____ %
Small, licensed local dealer	_____ %

Small, unlicensed local dealer	_____ %

5. What level of risk do you associate with each of these dealers or grain companies? Please use a scale of 1 to 5, where 1 means there is no risk at all and 5 means that it is extremely risky? (PLEASE CHECK ONE ANSWER FOR EACH DEALER OR GRAIN COMPANY)

Special Crops Dealers	No Risk				Extremely Risky
Large, well established grain companies (such as Agricore, UGG, SWP etc.)	O	O	O	O	O
Small, licensed local dealer	O	O	O	O	O
Small, unlicensed local dealer	O	O	O	O	O

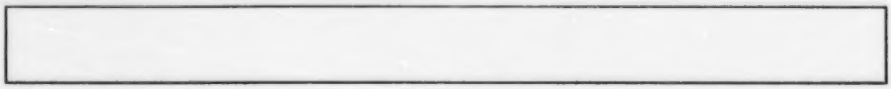
INSURANCE FOR SPECIAL CROPS, IN GENERAL...

6. Which of the following best describes your level of support for an insurance plan that will compensate you if your special crops dealer or elevator operator is not able to pay you? (PLEASE CHECK ONE ANSWER BELOW)

Level of Support	✓
Very supportive	❑
Somewhat supportive	O
Not very supportive	O
Not at all supportive	O

7. Thinking about an insurance plan for special crops, in general, what one feature is most important to you? (PLEASE RECORD BELOW)

8. And, what one feature is least important to you in an insurance plan? (PLEASE RECORD BELOW)



THE PROPOSED SPECIAL CROPS INSURANCE PLAN...

9. Please read the following statements about the proposed Special Crops Insurance Plan and indicate whether you agree or disagree with each statement. Please use a scale of 1 to 5, where 1 means you strongly disagree with the statement and 5 means you strongly agree with the statement. (PLEASE CHECK ONE ANSWER FOR EACH STATEMENT)

Statements	Disagree Strongly				Agree Strongly
The proposed program will promote increased competition	❑	❑	❑	❑	❑
The proposed program will expand delivery opportunities	O	O	O	O	O
The benefits of this program are worth the increased cost	O	O	O	O	O
More special crops dealers will become licensed	❑	❑	❑	❑	❑
I will only deal with licensed special crops dealers	O	O	O	O	O
All dealers who buy special crops should be licensed	O	O	O	O	O
Unlicensed dealers should be prosecuted even if it means fewer delivery options	O	O	O	O	O
The number of delivery options is important to me	O	O	O	O	O
The maximum level of insurance coverage will influence my participation	O	O	O	O	O
If my special crops dealer told me there was no risk, I'd likely opt out of this program	O	O	O	O	O

10. How likely would you be to participate in the proposed Special Crops Insurance Plan based on each of the following factors? Please use a scale of 1 to 5, where 1 means you would be <u>less likely</u> to participate because of the factor and 5 means you would be <u>more likely</u> to participate in the proposed insurance plan because of this factor? (PLEASE CHECK ONE ANSWER FOR EACH FACTOR)

Factors affecting the decision to participate in the Special Crops Insurance Plan	Less Likely				More Likely
A voluntary program, you will be able to opt out	❑	❑	❑	❑	❑
You will only be eligible if you deal with a licensed dealer or elevator operator	O	O	O	O	O
A check-off will be deducted to cover the premium and administrative costs	O	O	O	O	O
A levy of $0.38 per $100 of sales will be deducted by the licensee when you are paid. (For example, calculate the costs that would have been associated with your sales of special crops in one of the past two years)	O	O	O	O	O
There will be coverage limitations. The insurance plan cannot guarantee eligible producers will receive 90% compensation.	O	O	O	O	O
There will be an automatic check off, even if you have opted out	O	O	O	O	O
All costs to producers will be transparent	O	O	O	O	O
There will be an increased cost to producers over the current system	O	O	O	O	O
In the event of a claim, you must provide the insurer information to support the claim	O	O	O	O	O
It will insure payment in case of dealer bankruptcy or default of payments	O	O	O	O	O
If you decide to participate after opting out, you can opt back in	O	O	O	O	O

11. After reviewing the description of the proposed Special Crops Insurance Plan, how likely are you to participate in this program, not opting out, if it is available in 2000? (PLEASE CHECK ONE ANSWER BELOW)

Likelihood of Participation	✓
Very likely	❑
Somewhat likely	O
Not very likely	O
Not at all likely	O

12. What is the MAIN reason for this decision? (PLEASE RECORD BELOW)

13. If there is insufficient interest in the Special Crops Insurance Plan and it is not offered in 2000, which of the following alternatives would you tend to support the most (CHECK ONE ONLY)?

Alternatives to the Special Crops Insurance Plan	✓
Licensing, but no security or insurance	❑
Dealer paid insurance for special crops	O
Optional licensing for special crops dealers or elevators	O
Mandatory producer paid insurance plan for special crops	O
Stay with current security system	O

SECURITY FOR CROPS IN GENERAL...

14. Now thinking about all crops in general, as part of the Grain Commission's licensing requirements, grain companies and grain dealers must post a bond or letter of credit that covers the amount they owe farmers. If a company or dealer can't or won't pay, eligible producers get paid from this security. However, it costs producers $3 million per year to administer the current system. Please check off which of the following statements you tend to agree with the most (CHECK ONE ONLY):

Statement	✓

I deal with well established companies, so I feel that I don't need this kind of protection	❑
The grain business is risky and any grain company or dealer could go bankrupt, so I feel that I do need this protection	❑